

INITIAL STATEMENT OF REASONS

Chapter 491, Statutes of 2000 (Chapter 491), became effective January 1, 2001. Chapter 491 amends substantial portions of the Panel's enabling legislation in order to refine and clarify the Panel's role in funding training for California's worker population. As a result of Chapter 491, the Panel needs to revise its existing regulations, which contain requirements associated with the former enabling legislation, in order to make possible the prompt implementation of the provisions of the new legislation.

4400(ee): Definition of "Frontline Worker"

SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment would revise the definition of "frontline worker" to include small business owners whose main duties consist of directly producing or delivering goods or services.

NECESSITY

Current regulation defines "frontline worker" to include only employees who directly produce or deliver goods or services and meet certain other criteria. Owners of small businesses are not included under the current definition. However, owners of businesses with fewer than 10 employees regularly spend the majority of their time directly producing or delivering goods or services, which are frontline worker duties. Due to this fact, small business owners should also be classified as frontline workers. The proposed amendment would expand the definition of "frontline worker" to include a small business owner whose prime responsibilities are comprised of directly producing or delivering goods or services.

4400(hh): Definition of "Working poor"

SPECIFIC PURPOSE OF THE REGULATION

The proposed regulation would define the term "working poor" as workers who have stable, full-time employment which pays low wages and appears to lack career potential.

NECESSITY

The Panel is statutorily mandated to permit special allowances for the training of workers in high unemployment areas, including the working poor. Although this mandate to aid workers in high unemployment areas has been in effect for several months, the Panel has determined that additional clarification of the term "working poor" is needed in order to properly target this population. Existing regulation does not define the term "working poor." The Panel believes that this lack of clear criteria has negatively affected the number of contractors applying for funding under this category. Thus, the Panel proposes to promulgate a definition for this term.

4400(ii): Definition of “High Unemployment Areas”

SPECIFIC PURPOSE OF THE REGULATION

The proposed regulation would define the term “high unemployment areas” as areas that contain either unemployment rates substantially higher than the unemployment rate for California or large numbers of unemployed.

NECESSITY

The Panel is statutorily mandated to permit special allowances for the training of workers in high unemployment areas. Although this mandate to aid workers in high unemployment areas has been in effect for several months, the Panel has determined that additional clarification of the term “high unemployment areas” is needed in order to properly target this population. Existing regulation does not define the term “high unemployment areas.” The Panel believes that this lack of clear criteria has negatively affected the number of contractors applying for funding under this category. Thus, the Panel proposes to promulgate a definition for this term.

4407: Workforce Investment Boards

SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment would revise the criteria for Panel delegation of contract approval to apply to Workforce Investment Boards rather than Private Industry Councils. The proposed amendment would also establish guidelines concerning marketing contracts for Workforce Investment Boards.

NECESSITY

Under Chapter 491, the Panel is allowed to delegate its authority to approve certain types of contracts to Workforce Investment Boards; furthermore, the Panel is required to develop criteria for such delegation to ensure the proper use of public funds. Currently, the Panel has a regulation allowing for the delegation of approval authority to Private Industry Councils, but not Workforce Investment Boards, which are entities that very recently arose as a result of passage of the Workforce Investment Act. If the Panel is to comply with Chapter 491’s mandates and allow the delegation of approval authority to Workforce Investment Boards, the Panel needs to revise its delegation requirements in order to fulfill its fiduciary responsibility of ensuring the proper use of public funds. The proposed amendment would revise the existing delegation criteria to apply to Workforce Investment Boards, the successors to Private Industry Councils.

Additionally, Chapter 491 added the statutory requirement that the Panel develop a process by which local Workforce Investment Boards may apply for marketing resources for the purpose of identifying local employers that have training needs that reflect the Panel’s priorities. Currently, there is no regulation outlining the process by which Workforce Investment Boards can apply for marketing resources. The proposed amendment would establish criteria for Workforce Investment Boards applying for marketing resources.

4409: Special Employment Training Projects

SPECIFIC PURPOSE OF THE REGULATION

The proposed regulation would revise the allowable categories of training to delete the existing categories and enact new categories to implement the new law.

NECESSITY

Prior to January 1, 2001, the Panel could allocate up to 20 percent of annually available training funds to fund projects which qualify for funding in a Special Employment Training (SET) category. Under Chapter 491, the annual allocation for SET projects has been reduced from 20 percent to 10 percent of available training funds. Furthermore, under Chapter 491, most of the enumerated categories of training under SET projects were deleted; instead of specific funding criteria, Chapter 491 only broadly requires that SET projects "improve the skills and employment security of frontline workers."

Generally, the Panel has a limited amount of funds to allocate each fiscal year. In addition to these limited funds, as a result of Chapter 491, the Panel now has a 50 percent reduction in the amount of funds available for SET projects and broader qualification language without any specific criteria. Without specific SET funding criteria, the Panel would quickly exhaust the reduced amount of SET funds. However, the Panel is also statutorily required to maximize the use of its funds. In order to comply with this mandate to maximize the use of its funds, the Panel must revise the criteria under SET projects to specify the allowable types of training projects. Thus, the proposed amendment would revise the available categories of training projects under SET funding.

4420: Literacy Training

SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment would expand the types of trainees who are not subject to the literacy training restrictions.

NECESSITY

The Panel's enabling legislation states that training under a Panel agreement may include ancillary training for job-related basic and literacy skills training if the Panel finds that such training is necessary to achieve the objectives of the vocational training. Existing regulation limits funding of basic and literacy skills training to 45% of the total vocational skills training hours under a Panel funded program. However, certain types of trainees, such as welfare to work trainees, usually do not possess adequate basic and literacy skills and require additional hours of training in such skills. The proposed amendments would permit the funding of basic and literacy skills training up to 100 percent of the total vocational skills training hours per trainee for certain specified trainee groups with a special need for expanded training in these skills.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

Except for the Panel Strategic Plan 1998-2001, the Panel did not rely upon any other technical, theoretical, or empirical studies, reports or documents in proposing this regulatory action.

ALTERNATIVES TO THE REGULATIONS CONSIDERED BY THE AGENCY AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES

No other alternatives were presented to or considered by the Panel.

ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS

The Panel has not identified any alternatives that would lessen any adverse impact on small businesses.

EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON ANY BUSINESS

The proposed regulatory action does not impose any expenses on businesses. Therefore, the proposed regulatory action would not have a significant adverse economic impact on any business.